



Consolidated Financial Results for the Second Quarter Fiscal 2014

I. Financial Results for 1H Fiscal 2014

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SHARP CORPORATION

October 31, 2014

Forward-Looking Statements

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- (2) Sudden, rapid fluctuations in demand for Sharp’s products and services, as well as intense price competition
- (3) Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- (4) Regulations such as trade restrictions in other countries
- (5) The progress of collaborations and alliances with other companies
- (6) Litigation and other legal proceedings against Sharp
- (7) Rapid technological changes in products and services, etc.

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I. Financial Results for 1H Fiscal 2014

Financial Results for 1H Fiscal 2014

- Sales and profits fell in 1Q FY2014 due to a backlash from the last-minute demand following consumption tax hike, as well as the effect of decreases in new home construction
- Both sales and profits were lower than the initial forecast, but net income returned to profitability

(Billions of Yen)

	FY2013	FY2014				
	1H	Initial 1H Forecast (5/12)	1H Results	Change (Y on Y)	Difference (Y on Y)	Difference from Initial Forecast
Net sales	1,342.0	1,450.0	1,327.6	-1.1%	-14.3	-122.3
Operating Income (margin)	33.8 (2.5%)	35.0 (2.4%)	29.2 (2.2%)	-13.6%	-4.5	-5.7
Net Income (margin)	-4.3 (-0.3%)	5.0 (0.3%)	4.7 (0.4%)	-	+9.0	-0.2

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Consolidated financial results for the first half (April - September) recorded net sales of 1,327.6 billion yen, down 1.1% over the same period last year, and operating income of 29.2 billion yen, down 13.6%, and net income improved by 9.0 billion yen from a loss of 4.3 billion yen to 4.7 billion yen.

Due to a backlash from the last-minute demand following consumption tax hike as well as the effects of decreases in new home construction in Japan, sales of Digital Information Equipment and Energy Solutions were lower than the same period last year, which resulted in decreased net sales.

Overall operating income showed a decline due to Electronic Devices being in the red and other causes.

Both sales and profits were lower than the initial forecast, but net income returned to profitability.

Financial Results for 2Q Fiscal 2014

- In 2Q FY2014, net income was in the black
- Operating margin improved from 0.8% in 1Q to 3.5%

(Billions of Yen)

	FY2014				
	1Q	2Q	Change (Q on Q)	Difference (Q on Q)	Change (Y on Y)
Net sales	619.7	707.9	+14.2%	+88.2	-3.6%
Operating Income (margin)	4.6 (0.8%)	24.5 (3.5%)	5.3-fold	+19.8	-20.3%
Net Income (margin)	-1.7 (-0.3%)	6.5 (0.9%)	-	+8.3	-52.2%

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In the second quarter (July - September), net income was in the black, and operating margin improved from 0.8% in the first quarter to 3.5%.

Other Income (Expenses)

- *Other income (expenses) improved*
- *Equity in earnings of affiliates and gain on sales of investment securities have offset expenses related to structural reform in Europe*

(Billions of Yen)

	FY2013	FY2014			
	1H	1Q	2Q	1H	Difference
Operating Income	33.8	4.6	24.5	29.2	-4.5
Other Income (Expenses)	-28.9	-6.0	-9.5	-15.5	+13.4
Equity in earnings of affiliates	+0.0	+2.3	+1.6	+4.0	+4.0
Gain on sales of investment securities	+1.6	+0.1	+5.7	+5.9	+4.3
Reversal of provision for loss on litigation	-	+19.2	-	+19.2	+19.2
Interest expense	-8.9	-6.0	-5.7	-11.8	-2.8
Impairment loss	-	-0.8	-1.6	-2.4	-2.4
Restructuring charges	-	-	-5.7	-5.7	-5.7
Settlement	-	-14.3	-	-14.3	-14.3
Income taxes, etc.	-9.1	-0.4	-8.4	-8.9	+0.2
Net Income	-4.3	-1.7	6.5	4.7	+9.0

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This slide shows other income (expenses).

In the first half, interest expense increased and expenses related to structural reform on “audio visual,” “white goods,” and “solar cells” were recorded, but other income (expenses) improved due mainly to equity in earnings of affiliates and gain on sales of investment securities.

Consolidated Balance Sheets

- Cash and time deposits decreased at end of Sep. 2014 due to bond redemption
- The equity ratio increased from 8.9% at end of Mar. 2014 to 10.6%

(Billions of Yen)

	FY2013			FY2014		
	End of Mar. 2014	End of Jun. 2014	End of Sep. 2014	End of Mar. 2014	End of Jun. 2014	End of Sep. 2014
Cash, time deposits and restricted cash	379.5	358.9	291.4			
Notes and accounts receivable	568.8	517.1	614.9			
Inventories	295.1	315.5	307.5			
Other current assets	130.6	120.8	126.0			
Current Assets	1,374.2	1,312.5	1,339.9			
Plant and Equipment	519.7	510.6	512.4			
Investments and Other Asset	287.5	289.2	286.5			
Deferred Assets	0.1	0.1	0.0			
Total assets	2,181.6	2,112.5	2,139.0			
Short-term borrowings	793.1	809.8	717.9			
Notes and accounts payable	409.9	395.4	466.3			
Other current liabilities	348.5	298.4	328.4			
Current Liabilities	1,551.6	1,503.6	1,512.7			
Long-term Liabilities	422.8	399.7	387.0			
Liabilities	1,974.5	1,903.4	1,899.7			
Net Assets	207.1	209.0	239.2			
Total liabilities and net assets	2,181.6	2,112.5	2,139.0			
Equity Ratio	8.9%	9.4%	10.6%			

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This slide shows the consolidated balance sheets.

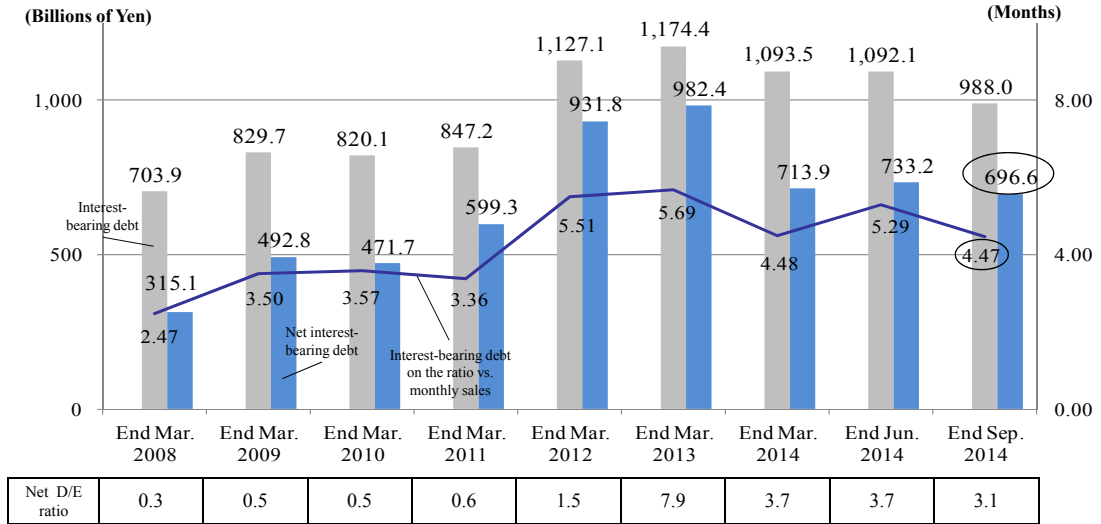
At the end of September 2014, cash and time deposits decreased due to redemption of 100 billion yen straight bonds, and inventory decreased from the end of June.

In addition, net assets increased to 239.2 billion yen and the equity ratio improved to 10.6%.

Transition of Interest-bearing Debt

• **Interest-bearing debt at the end of Sept. 2014 totaled 988.0 billion yen, which was a decrease of 104.0 billion yen from the end of Jun. 2014, and ratio vs. monthly sales decreased from 5.29 months to 4.47 months**

• **Net interest-bearing debt* decreased from 733.2 billion yen at the end of Jun. 2014 to 696.6 billion yen**



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*Net interest-bearing debt: interest-bearing debt - cash, time deposits and restricted cash

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This slide shows interest-bearing debt.

Interest-bearing debt at the end of September totaled 988.0 billion yen, which was a decrease of 104.0 billion yen from the end of June.

Net interest-bearing debt was 696.6 billion yen, which was a decrease of 36.5 billion yen from 733.2 billion yen at the end of June.

Implementation of the Medium-Term Management Plan

Structural reforms

Structural reforms in the European "audio visual," "white goods," and "solar cells" businesses

Financial structure improvements

- **Redemption of 100 billion yen straight bonds**
- **Sale of held securities in accordance with dissolution of capital alliance (Pioneer Corporation, etc.)**
- **Transfer of shares of a Sharp-affiliated company accounted for by the equity method (RenesasSP Drivers, Inc.)**

This slide shows Implementation of the Medium-Term Management Plan.

In addition to structural reforms in the European “audio visual,” “white goods,” and “solar cells” businesses, in September, we redeemed 100 billion yen in straight bonds. Also, initiatives designed to improve the financial condition, such as the sale of held securities, were implemented.

II. Financial Results Forecast for Fiscal 2014

Financial Results Forecast for Fiscal 2014

- Based on 1H results and 2H forecasts, the full year net sales estimate has been revised to 2.9 trillion yen
- Based on improved profitability due to structural reforms and sales estimates for held assets, operating income and net income for this period have been left unchanged from the previous forecast

(Billions of Yen)

	FY2014									FY2014
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)	Revised 2H Forecast	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)	(8/1) Previous Full Year Forecast
Net sales	619.7	707.9	+14.2%	1,327.6	-1.1%	1,572.3	-0.8%	2,900.0	-0.9%	3,000.0
Operating Income	4.6	24.5	5.3-fold	29.2	-13.6%	70.7	-5.3%	100.0	-7.9%	100.0
Net Income	-1.7	6.5	-	4.7	-	25.2	+59.0%	30.0	2.6-fold	30.0

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This slide shows the full year forecast for fiscal 2014.

Based on the first half results and the second half forecast, the full year net sales estimate has been revised to 2.9 trillion yen.

The operating income and net income for this period have been left unchanged from the initial forecast, based on profit improvement due to the promotion of structural reforms and sales estimates for held assets.

III. Information by Product Group

Sales by Product Group

	FY2014							FY2014
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)	(8/1) Previous Full Year Forecast
Digital Information Equipment	168.6	164.0	-2.7%	332.7	-0.6%	710.0	-3.2%	780.0
Health and Environmental Equipment	82.1	80.7	-1.7%	162.8	+1.8%	340.0	+4.0%	360.0
Energy Solutions	69.0	73.9	+7.1%	142.9	-15.0%	290.0	-33.9%	290.0
Business Solutions	79.2	85.2	+7.6%	164.5	+3.9%	340.0	+6.6%	340.0
Product Business	399.1	403.9	+1.2%	803.1	-2.2%	1,680.0	-7.6%	1,770.0
LCDs	206.9	253.9	+22.7%	460.9	-3.7%	1,000.0	+0.9%	1,000.0
Electronic Devices	58.9	90.8	+54.1%	149.7	+1.3%	420.0	+28.7%	430.0
Device Business	265.9	344.7	+29.7%	610.7	-2.5%	1,420.0	+7.8%	1,430.0
Sub Total	665.0	748.7	+12.6%	1,413.8	-2.3%	3,100.0	-1.1%	3,200.0
Adjustments	-45.3	-40.8	-	-86.1	-	-200.0	-	-200.0
Total	619.7	707.9	+14.2%	1,327.6	-1.1%	2,900.0	-0.9%	3,000.0

*Sales of each product group include internal sales between segments (Product Business / Device Business)

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This slide shows sales by product group.

Health and Environmental Equipment, Business Solutions, and Electronic Devices showed increased sales, while Digital Information Equipment, Energy Solutions, and LCDs showed decreased sales.

Operating Income by Product Group

	FY2014							(Billions of Yen)
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
Digital Information Equipment	2.6 (1.6%)	4.9 (3.0%)	+87.9%	7.5 (2.3%)	8.8-fold	20.0 (2.8%)	+55.8%	20.0 (2.6%)
Health and Environmental Equipment	3.1 (3.9%)	4.5 (5.7%)	+44.9%	7.7 (4.8%)	-19.8%	19.0 (5.6%)	-9.6%	19.0 (5.3%)
Energy Solutions	0.1 (0.3%)	-0.4 (-0.6%)	-	-0.2 (-0.2%)	-	3.0 (1.0%)	-90.7%	3.0 (1.0%)
Business Solutions	7.7 (9.8%)	8.1 (9.6%)	+5.8%	15.9 (9.7%)	-0.1%	30.0 (8.8%)	-1.8%	26.0 (7.6%)
Product Business	13.7 (3.4%)	17.2 (4.3%)	+25.6%	30.9 (3.9%)	-14.9%	72.0 (4.3%)	-25.6%	68.0 (3.8%)
LCDs	2.1 (1.0%)	18.6 (7.4%)	8.9-fold	20.8 (4.5%)	2.4-fold	55.0 (5.5%)	+32.2%	55.0 (5.5%)
Electronic Devices	-3.5 (-5.9%)	1.0 (1.1%)	-	-2.4 (-1.6%)	-	3.0 (0.7%)	-8.1%	7.0 (1.6%)
Device Business	-1.3 (-0.5%)	19.7 (5.7%)	-	18.3 (3.0%)	+31.8%	58.0 (4.1%)	+29.3%	62.0 (4.3%)
Sub Total	12.3 (1.9%)	36.9 (4.9%)	3.0-fold	49.2 (3.5%)	-2.0%	130.0 (4.2%)	-8.2%	130.0 (4.1%)
Adjustments	-7.6	-12.4	-	-20.0	-	-30.0	-	-30.0
Total	4.6 (0.8%)	24.5 (3.5%)	5.3-fold	29.2 (2.2%)	-13.6%	100.0 (3.4%)	-7.9%	100.0 (3.3%)

*The percentage figures noted in brackets show operating margin

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While operating income for Digital Information Equipment and LCDs increased, Health and Environmental Equipment and Business Solutions showed falls in profits and Energy Solutions and Electronic Devices were in the red.

Based on current situations and outlook for the second half, forecasts of sales and operating income by product group have been revised.

Digital Information Equipment <Total>

(Billions of Yen)

	FY2014						Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)				
Sales	168.6	164.0	-2.7%	332.7	-0.6%	710.0	-3.2%	780.0	
Operating Income (margin)	2.6 (1.6%)	4.9 (3.0%)	+87.9%	7.5 (2.3%)	8.8-fold	20.0 (2.8%)	+55.8%	20.0 (2.6%)	

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[1H FY2014 Results]

- Launch of the high-value-added smartphones such as IGZO LCD models and EDGEST, which has a thin-bezel design, through 3 domestic mobile phone operators, and the effects of cost saving efforts contributed to profits, and although sales were slightly lower than the same period last year, profits increased year on year.

[Onward Actions]

- Increase sales of large-size, high-resolution LCD TVs, and promote working with mobile phone operators to introduce new distinctive models.

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Sales of Digital Information Equipment were 332.7 billion yen, down 0.6% from the same period last year.

Launch of the high-value-added smartphones and the effects of cost saving efforts contributed to operating income reaching 7.5 billion yen, which was 8.8-fold over the same period last year.

The full year forecast for sales has been revised.

Digital Information Equipment <LCD TVs, Mobile Phones>

(Billions of Yen; Millions of Units)

		FY2014						Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
		1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)				
LCD TVs	Amt	85.7	103.3	+20.5%	189.1	-2.5%	400.0	-3.4%	440.0	
	Unit	1.73	1.86	+7.5%	3.60	-2.4%	7.60	-2.8%	8.20	
Mobile Phones	Amt	49.6	36.2	-27.0%	85.9	-1.8%	200.0	-2.7%	220.0	
	Unit	1.23	1.17	-5.0%	2.41	-0.5%	5.60	+1.6%	6.30	

[1H FY2014 Results]

LCD TVs: Though more units were sold in North America and China, both the overall number of units sold and amount were lower than the same period last year due to economic slowdown and political instability in Asia and the Middle East as well as the effect of domestic downturns in reaction to revisions to the consumption tax law.

Mobile Phones: Numbers of units sold and amount both decreased in comparison to the same period last year due to increased competition with overseas smartphone manufacturers.

[Onward Actions]

LCD TVs: Utilize a strategy to focus on large-size and high-resolution LCD TVs such as 4K models and Quattron Pros, as well as develop specialized products tailored to regional characteristics, and promote structural reforms in Europe.

Mobile Phones: in order to increase domestic share, increasing feature phone demand capture, and promoting sales of overseas models to US Sprint Corporation.

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LCD TVs, the major product in this product group, were selling well in unit basis in North America and China. However, the overall number of units sold and amount were lower than the same period last year, due to economic slowdown and political instability in emerging countries and the Middle East as well as the effect of domestic downturns in reaction to revisions to the consumption tax law, which led to profit deterioration.

In the second half, we will work vigorously to improve profitability by enhancing lineup of large-size and high-resolution models such as 4K TVs and Quattron Pros, and by promoting structural reforms in Europe.

Both number of units sold and amount of mobile phones were lower than the same period last year, but launch of high-value-added models and cost saving efforts resulted in improvement in profit.

Going forward, we will continue to work toward increasing domestic share by enhancing the lineup of products with IGZO LCDs that have high-resolution and low power consumption features.

The full year forecasts for sales amounts and numbers of units of LCD TVs and mobile phones have been revised.

Health and Environmental Equipment

(Billions of Yen)

	FY2014						Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)				
Sales	82.1	80.7	-1.7%	162.8	+1.8%	340.0	+4.0%	360.0	
Operating Income (margin)	3.1 (3.9%)	4.5 (5.7%)	+44.9%	7.7 (4.8%)	-19.8%	19.0 (5.6%)	-9.6%	19.0 (5.3%)	

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[1H FY2014 Results]

- In spite of a backlash from the last-minute demand following consumption tax hike and the effects of poor weather, sales were higher than the same period last year.
- Profitability decreased due to profit deterioration of imported goods caused by yen depreciation.

[Onward Actions]

- Develop products that will create new demand and launch unique products.
- Work to expand business by promoting products specialized for ASEAN and other emerging countries, and by strengthening and expanding the local production for local consumption and sales systems.

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Sales of Health and Environmental Equipment were up 1.8% over the same period last year to 162.8 billion yen, and operating income was down 19.8% to 7.7 billion yen, due to profit deterioration of imported goods caused by yen depreciation.

In spite of a backlash from the last-minute demand following consumption tax hike and the effects of poor weather over the summer in Japan, sales of washing machines and overseas air purifiers increased, leading to higher sales than the same period last year.

We will continue to strengthen local production for local consumption initiatives to minimize the impact of the exchange rate while at the same time work to expand overseas business by promoting products specialized for ASEAN and other emerging countries and by expanding sales systems.

The full year forecast for sales has been revised.

Energy Solutions

(Billions of Yen)

	FY2014						Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)	Change (Y on Y)			
Sales	69.0	73.9	+7.1%	142.9	-15.0%	290.0	-33.9%	290.0	
Operating Income (margin)	0.1 (0.3%)	-0.4 (-0.6%)	-	-0.2 (-0.2%)	-	3.0 (1.0%)	-90.7%	3.0 (1.0%)	

*Sales of each product group include internal sales between segments (Product Business / Device Business)

(Reference)

Volume (Solar Cells)
(MW)

360	537	+49.5%	897	-0.7%	2,000	-4.7%	2,000
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[1H FY2014 Results]

- Earnings deteriorated due to decreased sales by overseas developer business and the effects of decreased domestic sales caused by decreases in the number of new home constructions that were related to the increase in the consumption tax rate.
- Fell into the red due to write-down of project assets of the US solar project developer subsidiary.

[Onward Actions]

- Domestic industrial use: Complete construction of projects that were already approved for the system interconnection as well as expand EPC/IPP/O&M business.
- Domestic residential use: Expand sales channels and strengthen sales of storage battery, HEMS, etc.
- Overseas business: Expand EPC business and strengthen sales of energy management systems that use storage battery.

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Sales of Energy Solutions were 142.9 billion yen, a 15.0% decrease from the same period last year, due to decreases in overseas developer projects and decreases in domestic new home construction.

The operating loss of 200 million yen was recorded due to the decrease in sales and write-down of project assets of the U.S. solar project developer subsidiary.

We expect improved profitability in the second half due to the absence of temporary expense and the effect of structural reforms in Europe.

Furthermore, we will follow through on ordered construction projects that are projected to be completed by the end of the fiscal year to ensure profitability in the second half and the full year plan fulfillment.

The full year forecast remains unchanged from the previous forecast.

Business Solutions

(Billions of Yen)

	FY2014					Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)			
Sales	79.2	85.2	+7.6%	164.5	+3.9%	340.0	+6.6%	340.0
Operating Income (margin)	7.7 (9.8%)	8.1 (9.6%)	+5.8%	15.9 (9.7%)	-0.1%	30.0 (8.8%)	-1.8%	26.0 (7.6%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[1H FY2014 Results]

- Sales of MFPs increased overseas and information display sales firmed up in the domestic market.

[Onward Actions]

- Expand sales of high-speed MFPs in developed countries and strengthen sales of color MFPs in emerging countries.
- Expand convenience store print services and improve the menu selections.
- Improve the lineup of digital signage, with the main focus on large-size models.
- Develop new customers using solution proposals that incorporate MFPs and displays.

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Sales of Business Solutions were 164.5 billion yen, up 3.9% over the same period last year, but operating income remained nearly the same at 15.9 billion yen.

We will strengthen the development of solution services centered on distinctive displays, which are our strong point, and MFPs to expand business.

The full year forecast for operating income has been revised.

LCDs

(Billions of Yen)

	FY2014						Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)				
Sales	206.9	253.9	+22.7%	460.9	-3.7%	1,000.0	+0.9%	1,000.0	
Operating Income (margin)	2.1 (1.0%)	18.6 (7.4%)	8.9-fold	20.8 (4.5%)	2.4-fold	55.0 (5.5%)	+32.2%	55.0 (5.5%)	

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[1H FY2014 Results]

- Sales of small- and medium-size LCDs for smartphones improved, mainly with major clients.
- The ratio of small- and medium-size LCDs at Kameyama No. 2 Plant reached 40% on average in 2Q FY2014.
- Secured significant increases in profit due to increases in the sales ratio of high-margin small- and medium-size LCDs and the promotion of cost saving measures.

[Onward Actions]

- Propose high-resolution displays and unique touch panel solutions that match customer needs.
- Develop a wide variety of customers in the Chinese market, which is experiencing rapid growth due to the appearance of new and rising set manufacturers.
- 50% (avg.) of small- and medium-size LCDs production ratio at the Kameyama No. 2 Plant will contribute to increased sales and profit.

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Sales of LCDs were 460.9 billion yen, a 3.7% decrease from the same period last year. While sales of small- and medium-size LCDs for smartphones and other applications increased, sales of large-size LCDs decreased.

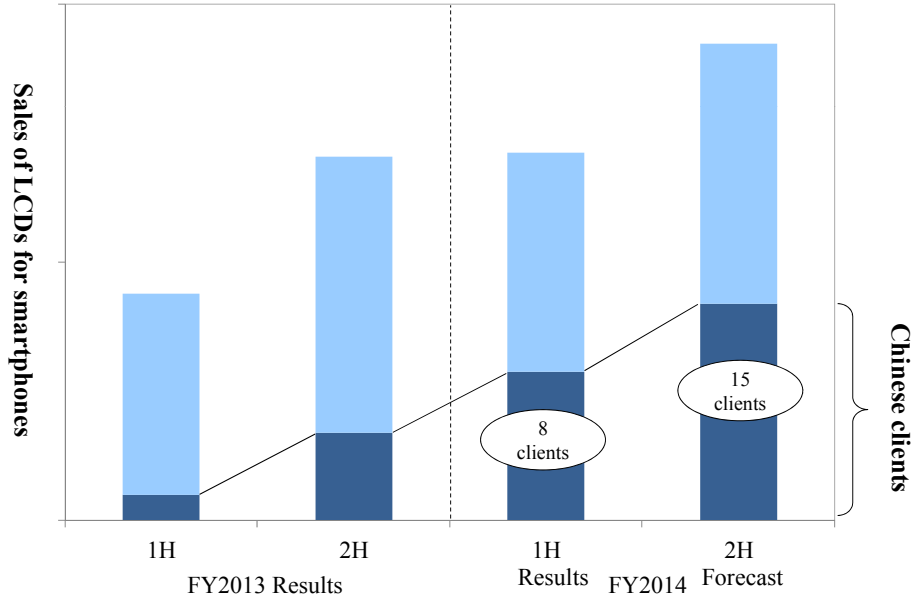
The operating income increased dramatically to 20.8 billion yen, 2.4-fold over the same period last year, due to the efforts to increase the production ratio of small- and medium-size LCDs at the Kameyama No. 2 Plant.

We will attempt to develop a wide variety of clients in rapidly expanding Chinese market, where the new set manufacturers are growing, in order to reduce fluctuations in sales and profits, at the same time work to expand business by strengthening proposals for high-resolution LCDs, such as IGZO and CGS, and unique touch panel solutions that are tailored to customer needs.

The full year forecast remains unchanged from the previous forecast.

Sales of LCDs for Smartphones to Chinese Clients

- *Developing clients that are newly rising in the fast-growing Chinese smartphone market to expand sales and reduce the volatility*



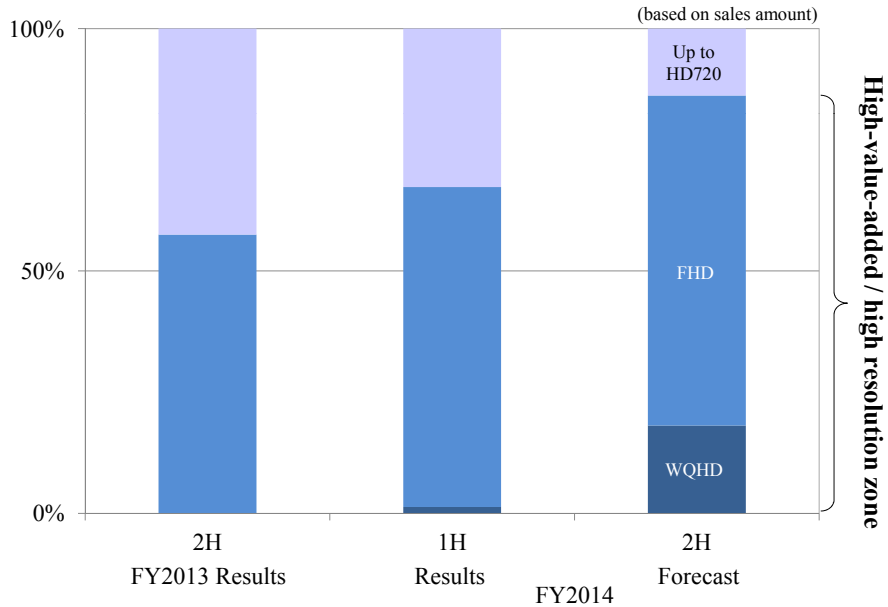
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This slide shows sales of LCDs for smartphones. Sales to Chinese clients are expanding smoothly.

Sales Ratio by Resolution of LCDs for Smartphones

- Measures to deal with highly increased demand for high-resolution smartphones
- In FY2014 the highly profitable high resolution zone will become the largest sector

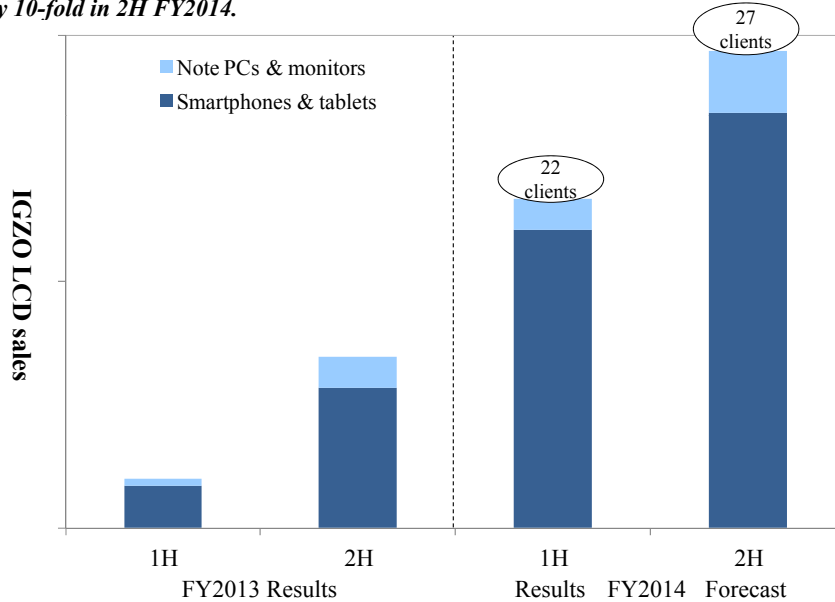


This slide shows the sales ratio by definition of LCDs for smartphones.

The sales ratio for high-value-added and high-resolution LCDs such as FHD and WQHD is on the rise in accordance with expanded sales to Chinese clients.

Expansion of Sales of IGZO LCDs

- As the number of clients who use IGZO LCDs, sales will expand smoothly
- Compared to 1H FY2013, IGZO LCD sales increased approx. 7-fold in 1H FY2014, and will increase nearly 10-fold in 2H FY2014.



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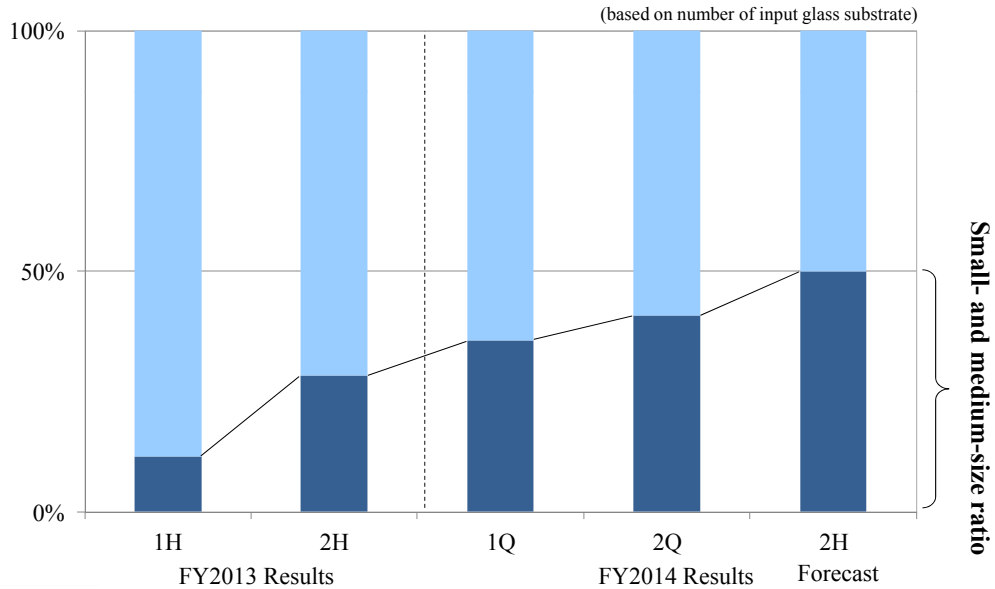
*Number of clients and sales do not include internal transaction 21

This slide shows the number of IGZO LCD clients and sales.

As the number of clients who use IGZO LCDs is increasing, sales are smoothly expanding, mainly in smartphones and tablets.

Small- and Medium-size LCD Production Ratio at Kameyama No. 2 Plant

- Small- and medium-size ratio increased to 40% in 2Q FY2014 and is currently 50%
- Estimate an average of 50% in 2H FY2014



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This slide shows small- and medium-size LCD production ratio at the Kameyama No. 2 Plant. The ratio of small- and medium-size LCDs at this plant was average of 40% in July to September and is currently 50%.

We expect the ratio of small- and medium-size LCDs to reach 50% in the second half, contributing to expanded sales and profit.

Electronic Devices

(Billions of Yen)

	FY2014						Revised Full Year Forecast	Change (Y on Y)	FY2014 (8/1) Previous Full Year Forecast
	1Q	2Q	Change (Q on Q)	1H	Change (Y on Y)				
Sales	58.9	90.8	+54.1%	149.7	+1.3%	420.0	+28.7%	430.0	
Operating Income (margin)	-3.5 (-5.9%)	1.0 (1.1%)	-	-2.4 (-1.6%)	-	3.0 (0.7%)	-8.1%	7.0 (1.6%)	

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[1H FY2014 Results]

- Although sales of LEDs and ICs for major clients decreased, sales of camera modules for mobile devices strengthened and sales were in line with the same period last year.
- Although operating income returned to profitability in 2Q due to increased sales, deterioration of client and model mix continued.

[Onward Actions]

- Attempt to improve profitability through the following initiatives:
 - Expand sales of high-value-added devices (high-color-rendering LEDs for small- and medium-size LCDs, touch panel solutions, proximity and luminance sensors, etc.) by strengthening cooperation with the display device section and improve the model mix.
 - Promote cost saving measures throughout the supply chain and reduce total costs.

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Sales of Electronic Devices were 149.7 billion yen, a 1.3% increase over the same period last year, as sales of camera modules for mobile devices increased dramatically.

The operating income was in the red at 2.4 billion yen due to deterioration in client and model mixes such as declines in sales of LEDs and ICs for major clients and the delay in entering into the camera module business for Chinese clients.

Profitability in this product group has been falling since the fourth quarter of last fiscal year.

We are aiming for a return to the black in the second half as a result of optimal positioning of personnel and other management resources aimed at expanding the fusion business that integrates displays and devices. We will also shift to the high-value-added and growth area, including high-color-rendering LEDs and touch panel solutions, and promote structural reforms and other cost saving measures throughout the entire supply chain.

The full year forecast for sales and operating income has been revised.

IV. Supplementary Data

In closing, results for the first half indicate lower sales and operating income than the initial forecast, but the implementation of the various measures will lead to the fulfillment of the fiscal 2014 plan.

Sales of Main Products

(Billions of Yen)

	FY2013					FY2014				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
LCD TVs	80.3	113.7	118.8	100.9	413.8	85.7	103.3	-9.1%	400.0	-3.4%
Unit (million units)	1.56	2.12	2.18	1.94	7.81	1.73	1.86	-12.3%	7.60	-2.8%
Mobile Phones	50.2	37.2	69.2	48.8	205.5	49.6	36.2	-2.7%	200.0	-2.7%
Unit (million units)	1.31	1.11	1.77	1.30	5.51	1.23	1.17	+5.7%	5.60	+1.6%
Refrigerators	22.9	24.6	23.2	24.9	95.7	23.9	24.0	-2.4%	98.0	+2.4%
Air Conditioners	26.1	16.4	10.9	15.4	68.9	23.6	18.4	+12.5%	69.0	+0.1%
Copiers / Printers	36.4	29.8	31.6	36.5	134.4	34.3	39.1	+31.1%	147.0	+9.4%
CCD / CMOS Imagers	34.8	49.6	84.2	49.3	218.1	38.8	64.7	+30.5%	310.0	+42.1%

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Capital Investment, Depreciation and Amortization, etc.

(Billions of Yen)

	FY2013					FY2014				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Capital Investment	10.5	10.9	11.2	16.6	49.4	14.5	16.6	+52.1%	80.0	+61.8%
LCDs	4.3	3.9	5.2	9.9	23.5	5.7	7.1	+79.6%	35.0	+48.7%
Depreciation and Amortization	29.9	28.7	27.7	28.1	114.6	24.4	25.5	-11.3%	120.0	+4.7%
R&D Expenditures	35.4	30.0	35.9	30.6	132.1	34.4	31.4	+4.6%	140.0	+6.0%

Exchange Rate

	FY2013					FY2014		
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	2 H Forecast
U.S. Dollar	¥97.76	¥97.96	¥99.46	¥101.78	¥99.24	¥101.16	¥102.93	¥106.00
Euro	¥127.46	¥129.57	¥135.20	¥139.29	¥132.88	¥138.56	¥136.26	¥136.00

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Sales by Product Group

(Billions of Yen)

	FY2013					FY2014			
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Change (Q on Q)	Change (Y on Y)
Digital Information Equipment	158.9	175.6	216.9	181.8	733.3	168.6	164.0	-2.7%	-6.6%
Health and Environmental Equipment	82.3	77.5	82.1	84.9	326.8	82.1	80.7	-1.7%	+4.0%
Energy Solutions	84.3	83.9	108.5	162.1	439.0	69.0	73.9	+7.1%	-11.9%
Business Solutions	77.6	80.7	77.1	83.3	318.8	79.2	85.2	+7.6%	+5.6%
Product Business	403.3	417.9	484.7	512.2	1,818.1	399.1	403.9	+1.2%	-3.3%
LCDs	193.8	284.7	277.5	234.9	991.0	206.9	253.9	+22.7%	-10.8%
Electronic Devices	61.2	86.5	106.4	72.0	326.3	58.9	90.8	+54.1%	+4.9%
Device Business	255.0	371.3	384.0	307.0	1,317.4	265.9	344.7	+29.7%	-7.1%
Sub Total	658.3	789.2	868.7	819.2	3,135.6	665.0	748.7	+12.6%	-5.1%
Adjustments	-50.4	-55.1	-53.4	-49.3	-208.4	-45.3	-40.8	-	-
Total	607.9	734.1	815.2	769.8	2,927.1	619.7	707.9	+14.2%	-3.6%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

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Operating Income by Product Group

(Billions of Yen)

	FY2013					FY2014			
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Change (Q on Q)	Change (Y on Y)
Digital Information Equipment	-1.3 (-0.9%)	2.2 (1.3%)	8.4 (3.9%)	3.4 (1.9%)	12.8 (1.8%)	2.6 (1.6%)	4.9 (3.0%)	+87.9%	2.2-fold
Health and Environmental Equipment	6.4 (7.8%)	3.2 (4.2%)	5.6 (6.9%)	5.6 (6.7%)	21.0 (6.4%)	3.1 (3.9%)	4.5 (5.7%)	+44.9%	+41.4%
Energy Solutions	6.8 (8.1%)	3.0 (3.7%)	5.9 (5.5%)	16.5 (10.2%)	32.4 (7.4%)	0.1 (0.3%)	-0.4 (-0.6%)	-	-
Business Solutions	7.5 (9.8%)	8.3 (10.3%)	6.1 (8.0%)	8.4 (10.2%)	30.5 (9.6%)	7.7 (9.8%)	8.1 (9.6%)	+5.8%	-1.9%
Product Business	19.4 (4.8%)	16.8 (4.0%)	26.2 (5.4%)	34.1 (6.7%)	96.8 (5.3%)	13.7 (3.4%)	17.2 (4.3%)	+25.6%	+2.1%
LCDs	-9.5 (-4.9%)	18.1 (6.4%)	26.0 (9.4%)	6.9 (2.9%)	41.5 (4.2%)	2.1 (1.0%)	18.6 (7.4%)	8.9-fold	+2.8%
Electronic Devices	0.1 (0.2%)	5.1 (5.9%)	4.2 (4.0%)	-6.1 (-8.6%)	3.2 (1.0%)	-3.5 (-5.9%)	1.0 (1.1%)	-	-79.8%
Device Business	-9.3 (-3.7%)	23.3 (6.3%)	30.2 (7.9%)	0.7 (0.2%)	44.8 (3.4%)	-1.3 (-0.5%)	19.7 (5.7%)	-	-15.4%
Sub Total	10.0 (1.5%)	40.1 (5.1%)	56.4 (6.5%)	34.8 (4.3%)	141.6 (4.5%)	12.3 (1.9%)	36.9 (4.9%)	3.0-fold	-8.0%
Adjustments	-7.0	-9.3	-8.8	-7.8	-33.0	-7.6	-12.4	-	-
Total	3.0 (0.5%)	30.8 (4.2%)	47.6 (5.8%)	27.0 (3.5%)	108.5 (3.7%)	4.6 (0.8%)	24.5 (3.5%)	5.3-fold	-20.3%

*The percentage figures noted in brackets show operating margin

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Sales by Product Group and Operating Income (by half year)

(Billions of Yen)

	Net sales						Operating Income					
	FY2013			FY2014			FY2013			FY2014		
	1H	2H	Full Year	1H	2 H Forecast	Full Year Forecast	1H	2H	Full Year	1H	2 H Forecast	Full Year Forecast
Digital Information Equipment	334.6	398.7	733.3	332.7	377.2	710.0	0.8 (0.3%)	11.9 (3.0%)	12.8 (1.8%)	7.5 (2.3%)	12.4 (3.3%)	20.0 (2.8%)
Health and Environmental Equipment	159.8	167.0	326.8	162.8	177.1	340.0	9.6 (6.0%)	11.3 (6.8%)	21.0 (6.4%)	7.7 (4.8%)	11.2 (6.3%)	19.0 (5.6%)
Energy Solutions	168.2	270.7	439.0	142.9	147.0	290.0	9.8 (5.9%)	22.5 (8.3%)	32.4 (7.4%)	-0.2 (-0.2%)	3.2 (2.2%)	3.0 (1.0%)
Business Solutions	158.4	160.4	318.8	164.5	175.4	340.0	15.9 (10.1%)	14.6 (9.1%)	30.5 (9.6%)	15.9 (9.7%)	14.0 (8.0%)	30.0 (8.8%)
Product Business	821.2	996.9	1,818.1	803.1	876.8	1,680.0	36.3 (4.4%)	60.4 (6.1%)	96.8 (5.3%)	30.9 (3.9%)	41.0 (4.7%)	72.0 (4.3%)
LCDs	478.5	512.5	991.0	460.9	539.0	1,000.0	8.6 (1.8%)	32.9 (6.4%)	41.5 (4.2%)	20.8 (4.5%)	34.1 (6.3%)	55.0 (5.5%)
Electronic Devices	147.8	178.5	326.3	149.7	270.2	420.0	5.2 (3.5%)	-1.9 (-1.1%)	3.2 (1.0%)	-2.4 (-1.6%)	5.4 (2.0%)	3.0 (0.7%)
Device Business	626.4	691.0	1,317.4	610.7	809.2	1,420.0	13.9 (2.2%)	30.9 (4.5%)	44.8 (3.4%)	18.3 (3.0%)	39.6 (4.9%)	58.0 (4.1%)
Sub Total	1,447.6	1,687.9	3,135.6	1,413.8	1,686.1	3,100.0	50.2 (3.5%)	91.3 (5.4%)	141.6 (4.5%)	49.2 (3.5%)	80.7 (4.8%)	130.0 (4.2%)
Adjustments	-105.6	-102.8	-208.4	-86.1	-113.8	-200.0	-16.4	-16.6	-33.0	-20.0	-9.9	-30.0
Total	1,342.0	1,585.1	2,927.1	1,327.6	1,572.3	2,900.0	33.8 (2.5%)	74.7 (4.7%)	108.5 (3.7%)	29.2 (2.2%)	70.7 (4.5%)	100.0 (3.4%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

*The percentage figures noted in brackets show operating margin

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Overseas Sales by Region (by half year)

Top: Net sales (Billions of Yen)

Bottom: Composition Ratio (%)

		FY2013			FY2014	
		1H	2H	Full Year	1H	Change (Y on Y)
The Americas		204.2	264.2	468.4	165.6	-18.9%
		25.6%	27.0%	26.4%	19.9%	-
Europe		77.8	66.9	144.8	71.4	-8.3%
		9.7%	6.8%	8.1%	8.6%	-
China		382.5	542.8	925.3	487.8	+27.5%
		48.0%	55.4%	52.1%	58.6%	-
Other		133.0	105.4	238.4	107.7	-19.0%
		16.7%	10.8%	13.4%	12.9%	-
Total		797.6	979.4	1,777.0	832.7	+4.4%
		100.0%	100.0%	100.0%	100.0%	-

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